

# Commissioner Stewart Celebrates Stepping Stones Credit Union's Partnership with Federal Home Loan Bank of Pittsburgh

**Commissioner Stewart Celebrates Stepping Stones Credit Union's Partnership with Federal Home Loan Bank of Pittsburgh**

*House Bill 15 Encourages Delaware-domiciled Captive Insurers to Join FHLBank System*

**(DOVER, DE)** – Commissioner Karen Weldin Stewart joined with Senator Tom Carper and state and federal banking officials on Monday, June 29 to celebrate Stepping Stones Community Federal Credit Union's joining forces with the Federal Home Loan Bank of Pittsburgh to make more affordable housing dollars available to people who live or work in Wilmington.

Commissioner Stewart also announced that House Bill 15, signed into law by Governor Jack Markell on June 24, specifically states that Delaware-domiciled captive insurance companies may apply for membership in the FHLBank system.

"Partnering with the FHLBank of Pittsburgh allows Stepping Stones to expand the good work it's been doing throughout Wilmington," Stewart said at the ceremony, which took place

across from Stepping Stones headquarters on North Church Street in Wilmington. “And I know the increased liquidity provided by the FHLBank of Pittsburgh will only make Stepping Stones stronger.”

Since 2011, Stepping Stones has been serving its members in and around Wilmington with financial counseling and products including savings accounts, car loans, first mortgage loans and fixed and adjustable mortgages. Part of the Federal Home Loan Bank System, FHLBank Pittsburgh serves financial institutions in Delaware, Pennsylvania and West Virginia, and will help Stepping Stones leverage its efforts in the low-income market it serves.

Captive insurance companies are owned by the entities that they insure, and are formed by businesses that wish to manage the cost and administration of their insurance coverage more efficiently. During Stewart’s administration, the captive division has flourished, growing from 38 companies in 2009 to over 1,000 entities today.

“As insurance commissioner, I am always looking for new ways to benefit my constituents,” said Stewart. “By coupling the FHLBanks and insurance companies, I am increasing the pool of money available for affordable housing opportunities to improve the lives of many Delawareans.” When insurance companies of all types borrow monies from the FHLBank system, the interest they pay on the borrowed funds is income for the FHLBanks. Each FHLBank is required to set aside ten percent of its annual net earnings for affordable housing programs. “I strongly encourage captive insurers to consider becoming members of FHLBank Pittsburgh.”

The FHLBank Pittsburgh's affordable housing program provides grants and subsidized loans for costs associated with the acquisition, construction or rehabilitation of single or multi-family housing for individuals and families with incomes at 80 percent or less of the area median income.

In 1932, Congress established the FHLB system to fill a need for a stable source of funds for residential mortgages. The FHLBs provide cash advances to their nearly 8,000 members, which include insurance companies, community banks, thrifts, credit unions, and community development financial institutions. Members of the FHLB system use their access to FHLB credit to help finance affordable housing and economic development efforts in their service areas.

House Bill 15 is one more step in Stewart's ongoing effort to improve Delaware's insurance laws. In 2014, she supported legislation that equalized the treatment for FHLBanks when lending to insurance companies regulated under state insolvency laws. FHLBanks now have the peace of mind to know that when making a loan to a Delaware domiciled insurer, their right to the collateral is protected and treated in the same manner as when FHLBanks lend to FDIC-insured depository institutions governed by federal banking law. Stewart noted, "Delaware is one of the only states that guarantee this level of protection to the FHLBanks."

Another important part of House Bill 15 is providing clarification of the term "series captive insurance company." A series captive insurance company is an insurer whose organizational status is as a series either under Delaware's

Limited Liability Company Act or Statutory Trust Act. Five years ago Delaware pioneered the licensing of series as captive insurance companies and this type of captive has become the flagship product. Since 2009, Delaware has issued captive insurance licenses to 754 captive insurers whose organizational status is as a series. House Bill 15 defines what a series captive insurance is and what it can do. Delaware's captive insurance program is built upon Delaware's respected corporate and business entity laws. "One of the reasons that the captive insurance program is successful is because I am promoting the formation of captive insurers under the laws of Delaware" said Stewart.

Since becoming insurance commissioner in 2009, Stewart has transformed Delaware into the nation's third largest captive insurance domicile and the sixth largest in the world. She has also made Delaware the number one state for the formation of risk purchasing groups. "The captive insurance program under my administration is a clean, non-polluting industry that provides economic opportunities by attracting intelligent human capital and generating an annual surplus of tax and fee revenue for Delaware. I am very proud that this program benefits my constituents."

###

**Delaware's Captive Insurance Program:**

**<http://captive.delawareinsurance.gov/>**

The Delaware Department of Insurance mission: *Protecting Delawareans through regulation and education while providing oversight of the insurance industry to best serve the public.*

Delaware Department of Insurance | [www.delawareinsurance.gov](http://www.delawareinsurance.gov) | 302.674.7300

More news from the Department of Insurance:  
<http://www.delawareinsurance.gov/newsroom.shtml>

**Media Questions? Contact Jerry Grant at (302) 674-7303**